

Missouri Training and Employment Council

Matt Blunt
Governor

Lewis Chartock, Ph.D.
Chairman

Rose Marie Hopkins
Executive Director

Missouri Training and Employment Council

Harry S Truman State Office Building

Jefferson City, Missouri

April 5, 2007

10:00 a.m. – 1:45 p.m.

Attendees: Lewis Chartock, Katharine Barondeau, Garland Barton, Neal E. Boyd, Edward Bryant, Anita Coulter, John Gaal, Nancy Headrick, Don Hester, Richard Jennett, Herb Johnson, Joe Knodell, Mary Moore Johnson, Cheryl Thruston, and Brenda Wrench

Staff: Rose Marie Hopkins, Glenda Terrill, Trish Barnes

Other Attendees: Division of Workforce Development: Rod Nunn, Dawn Busick, Roger Baugher, Clinton Flowers, Sue Sieg, Anita Henry, and Jason Gatz; Northeast WIB: Sharon Hays; Ozark Region WIB: Bill Dowling; Southeast WIB: Larry Swindle; St. Louis County WIB: Marie Sandt, Frederick Douglas; MERIC: Mary Bruton, Franciena King; Department of Elementary and Secondary Education: Don Eisenger, Steve Coffman; St. Louis Community College: Steve Long, Jane Boyle; MERS/Goodwill: Jeff Cartnal; Coffey Communications, LLC: Rex Hall

Call to Order

Lewis Chartock, Chair, called the meeting to order and introduced Neal E. Boyd, MTEC's newest member appointed the previous week. Mr. Boyd is responsible for special accounts at Aflac and lives at Ballwin.

Rose Marie Hopkins announced that Dr. Chartock has been officially designated as the official Chairman of MTEC.

Dr. Chartock then had all in attendance introduce themselves.

Review of the 2007 State Plan

Rod Nunn stated the state plan is widely viewed as a compliance plan. As the plan is several hundred pages, he provided the council with the executive summary. It is MTEC's responsibility to approve the state plan to be submitted to the Governor for submission to the U.S. Department of Labor (USDOL). The plan is required by law and outlines the Governor's vision for workforce development containing the administrative provisions on how programs are operated in Missouri and how Missouri plans to address national priorities. USDOL has specific expectations for program fiscal and programmatic integrity. The plan is being modified this year due to the emphasis around the Workforce Innovations in Regional Economic Development (WIRED) grant. The regional approach is to get education and economic development working strategically at a regional level. Without an approved plan, the Division of Workforce Development (DWD) has no federal authority to operate programs in the state.

The first planning cycle after the Workforce Investment Act (WIA) of 1998 was enacted began in 2000, which expired June 30, 2005. The second plan under WIA was approved by MTEC in May 2005 as a two-year plan pending the anticipation of the reauthorization of WIA. Since WIA has not been

reauthorized, Missouri is required to submit another two-year plan for program year 2007-2008, which begins July 1, 2007. The plan is due to USDOL May 1, 2007. Mr. Nunn explained that DWD would have preferred to have engaged MTEC in the development of the plan three months ago, but the guidance was received following the January MTEC meeting.

DWD was advised to complete an executive summary that addresses the new required elements. This summary should be driven by what is being done in workforce development and how that ties into national priorities. There is a move to have regional economic platforms where research institutions, entrepreneurs, education, workforce development, and economic development work together to develop strategies to improve competitiveness. The federal government is attempting to retool the workforce systems so that it helps the country compete globally for talent. This new information will describe what the state regional economies are doing in response to that directive.

The Employment and Training Administration (ETA) has provided eight priorities:

1. Demand-driven workforce investment system within a regional economic development context
2. System reform and increased focus on workforce education and training
3. Enhanced integration through the One-Stop system with improved service delivery and increased efficiencies
4. A vision for serving youth most in need
5. Increased economic and workforce information data integration and analysis
6. Effective utilization of faith-based and community-based organizations
7. Increased use of flexibility provisions in WIA
8. An integrated and enhanced performance accountability system that provides improved system results

Missouri has lost 70,000 manufacturing jobs since 2000 but Missouri's education for the manufacturing workforce has remained low. DWD has initiatives, like the Missouri Career Readiness Certificate (MoCRC), to address that but there is a dire need to get individuals into post-secondary education. ETA wants to know how Missouri is accomplishing that.

Waiver 10 was approved earlier this year to minimize data capture requirements for incumbent workers. It is not as helpful as was originally anticipated because the collection of many data elements are too cumbersome for employers. ETA approved a portion of that waiver but it still requires significant data collection.

The executive summary was written to explain what Missouri is doing and cross walk that with USDOL's request. The first two pages of the executive summary contain the vision, mission, and core values that everything is mapped against and the goals and initiatives. Each initiative has been given an ETA priority number to indicate what Missouri is doing and how it relates to what ETA requires as a plan component. The initiatives under the third goal, to increase market penetration to create more economic opportunities for all, is how DWD is marketing the career centers, business services teams, SHARE Network, unemployment insurance (UI) reemployment services, partnering to engage career assistance clients for TANF, disability navigator program, and the ex-offender program being coordinated with the Department of Corrections. The majority of these initiatives relate to the ETA priority to enhance integration through the One-Stop.

Missouri shares the OneKC WIRED region with the state of Kansas. USDOL requires a regional two-year local WIA/Wagner-Peyser plan for the WIRED region that includes seven Workforce Investment Boards (WIBs), in an 18-county area over two states. A bi-state steering committee has been established. DWD not only wants the state plan to reflect what is being done for WIRED in the Kansas City area but

to engage both state boards. The first opportunity for this to occur will be at the Workforce Innovations conference in Kansas City. Mr. Nunn explained the great respect and admiration for the civic and community leaders, Prep KC, Metropolitan Healthcare Council, Kansas City Area Life Sciences Institute, and the Full Employment Council in Kansas City for working together on the WIRED initiative.

There will be a joint state board meeting with the Kansas state workforce board in July prior to the beginning of the Workforce Innovations conference. This meeting will be a show and tell of what each state has and is doing. There will be a modification to the state plan to better reflect the things being coordinated with the state of Kansas.

Dr. Chartock asked for a general overview of WIRED. Mr. Nunn stated the idea behind WIRED is that in many regions, there are random acts of excellence in education, workforce, and research, technology commercialization, and economic development activities. The strategies around those activities could have more synergy if the talent, investment, and infrastructure assets are networked. Reports such as the *2005 Innovate America Report*, *The Gathering Storm*, *Tough Choices or Tough Times*, and Tom Freidman's book **The World is Flat** all point to the same set of core issues that America's competitiveness is at risk because of the number of scientists and engineers being produced is not up to par with other nations. The degree of skill level is not where it needs to be. The regions where these activities intersect need to work together to improve the competitiveness of the region. In the Kansas City region, there is the Partnership for Regional Education Progress which works with the urban school districts in Kansas City, Kansas and Kansas City, Missouri; Metropolitan Healthcare Council, which works with the hospitals in the 18-county area; the Alliance for Innovation and Manufacturing; Kansas City Area Life Sciences Institute which works with all of the universities from Manhattan, Kansas to Columbia, Missouri; WIBs and colleges to improve the region's competitiveness in the biotechnology, advanced manufacturing, and healthcare clusters. Missouri and Kansas each have their own waivers and policies but there will be some joint state planning in this bi-state area. Even with MTEC's approval of this modification to the state plan, there will be another modification to reflect this later. Mr. Nunn believes this may be acted upon during the July meeting. In addition, the joint meeting will be a symbolic event in support of the national conference.

Dr. Chartock asked if extra funding would follow. Mr. Nunn explained that USDOL has said that WIRED solicitations for additional funding are to include the WIRED framework (e.g., Economic Development Administration grants). Kansas City is positioned to compete for many federal grants because of the experience from the WIRED grant.

MTEC will also be asked to approve a request for waivers to be included in the state plan. Missouri is expected to receive an allocation for the disadvantaged adult program, disadvantaged youth program, and dislocated worker program but in some cases the period of that allocation is looking back two years. The basic concept of having full transferability between programs is so funds could be fully utilized.

DWD is asking USDOL for an amendment to the waiver on rapid response. Last year, Missouri received \$67 million under WIA with \$18.8 million in the adult program, \$20.6 million in the youth program, and \$27.6 million in the dislocated worker program. Those funding streams are distributed so that 10% is used for discretionary statewide activities and 5% is used for administration. In the Adult and Youth programs, 85% is formula allocated to the local WIBs through DWD and is allocated in the same manner that USDOL allocates money to DWD. The Dislocated Worker program allocated 60% to WIBs with 25% remaining with that DWD for Rapid Response and lay-off aversion activities. The Northwest, Kansas City, and Southwest regions have applied, under the Skilled Workforce Initiative to do early warning networks to work with businesses to help avoid lay-offs. After DWD met all obligations, there was \$3 million remaining from the Rapid Response allocation of \$6.9 million. If lay-offs are not Trade Act certified (i.e., not due to foreign competition) then the Rapid Response funds are easily utilized by

providing grants to the WIBs to serve those workers. In Missouri, most large lay-offs have been Trade Act certified so the workers are provided with programs that have extended benefits and additional tuition assistance. During large lay-offs, like Ford and American Airlines, the state also receives national emergency grants.

DWD receives requests from companies for incumbent worker training programs. On April 30 when the Skilled Workforce Initiative applications are due from the WIBs, there will be \$4.5 million earmarked, although \$8 million is expected in requests. DWD will be unable to offer incumbent worker programs for these companies even though there is \$3 million remaining. Last year MTEC approved the 25% waiver allowing DWD to use 25% of Rapid Response funds for additional requests. After those are funded, there will still be \$2.5 million remaining but unavailable as DWD is unable to utilize this remaining amount. Mr. Nunn has asked the business representatives to do diagnostic checks to help businesses avoid lay-offs but that does not require the entire \$3 million. Other states, like Texas, have received a waiver for 100%. After the commitment to partners and the Rapid Response activities are completed, DWD would like to spend any remaining money on worker training and Skilled Workforce Initiative issues. Mr. Nunn requested that MTEC approve, as part of the new state plan, all of the waivers that applied from last year along with 100% transferability on this 25% money, which would allow DWD to utilize all remaining money.

Herb Johnson would like language included in the state plan that indicates the state will continue the dislocated worker programs first before remaining funding is dispensed. Mr. Nunn acknowledged there could be language added that states DWD will continue to fund those programs and feels that USDOL will want to be assured that those programs will not be put at risk.

Richard Jennett asked for clarification of the difference between a worker losing his job due to foreign competition and if a business just closes. Mr. Nunn stated that workers losing jobs due to no fault of their own are UI claimants who come into the career centers for four-week reporting. The career centers have reemployment programs where the staff assists those claimants. The WIB partners also have the dislocated worker program that works more intensively with UI claimants and those laid-off to get work or into training. The state also has a Rapid Response program where during a large lay-off of 50 or more, DWD and partner agencies devise a customized program to transition those workers. In a large lay-off that is Trade Act certified, the employees at those companies are provided additional UI benefits and training. DWD has not been able to spend down the Rapid Response funds because many of Missouri's lay-offs and closings have been Trade Act certified.

Dr. Jennett asked for an explanation of lay-off aversion. Mr. Nunn explained that DWD uses an early warning network. The theory is that every company will exhibit signs of financial distress whether that is utility usage, not paying suppliers, or the lay-off that is contrary to what is going on in the industry. DWD has established early warning teams with a business retention coordinator in three regions that will eventually be statewide. These teams network within the community and visit companies to identify diagnostic issues, like a skill shortage, that can be fixed. The cost of turnover due to human capital issues is between 30% to 100% of the payroll. The early warning teams conduct pre-feasibility studies to help companies turn around before it is too late. The teams would like to have the intelligence and provide assistance where possible well before the company files a warn notice and Rapid Response has to be initiated. Dr. Jennett asked if companies would contact DWD for assistance when a lay-off is possible. Mr. Nunn explained that Rapid Response and DWD would like to be involved well before that happens.

Mr. Boyd asked what currently happens to the excess funds, in this case the \$3 million. Mr. Nunn explained that after two years, the funds are deobligated and revert to the federal government. Mr. Boyd asked if DWD was able to use 100% of the funds, if that would negate that deobligation. Mr. Nunn explained that if given 100%, DWD would have additional funds to allow the local WIBs to do more innovative things. Mr. Boyd went on to ask if there would still be an excess if the \$3 million was pulled.

Mr. Nunn explained that that money can only be used for Rapid Response and lay-off aversion. If there was money remaining at the end of the year, DWD would ask its partners if the money could be used before being returned to Washington but Mr. Nunn does not like to be in that position as he does not consider that the most efficient use of that money.

Mary Moore Johnson asked if the early warning networks were based on voluntary information and if a business is willing to reveal that information. In addition to watching all of the formal indicators, Mr. Nunn stated that the idea is to network in the community, maybe at a Chamber of Commerce after-hours event, to hear that a company may be in trouble. The business retention team would contact the company to volunteer to conduct a diagnostic visit and then deploy strategies. Mr. Nunn commented that if the council was interested, the three regions may be able to report on these teams at the next meeting. Dr. Johnson asked for that to be included on the agenda for the July meeting. Dr. Chartock agreed. He respects the importance of confidentiality but he would like to have examples of companies that were helped.

Dr. Chartock stated he is aware that the state administers the early warning network and asked if there is any way to involve the local WIBs to increase credibility. Mr. Nunn stated that is how the early warning network is constructed. The state provides funds to the WIBs, who partner with local economic development efforts to deliver it. Mr. Nunn explained this network has only been in place since July 1, 2006. Missouri Enterprise is also a state partner to conduct the pre-feasibility studies to identify trouble firms and could shed light on the technical side.

Joe Knodell asked how the state makes industry and business aware of early intervention and Rapid Response. Mr. Nunn described the packet of materials describing available services, distributed by the WIBs or the business retention coordinator. It includes information stating the use of career centers for customized business improvement, incumbent worker training, assistance in problem solving, and information about a business retention early warning network process.

Brenda Wrench asked if the nuance will be the flexibility to move money between service areas and how to prioritize. Mr. Nunn explained that the nuance is in the 15% statewide activities, divided at 15% for youth allocation, 15% for the adult allocation, and 15% for the dislocated worker allocation. Then there is 25% for rapid response and lay-off aversion. He described the separate set of allowable activities for the 15% money and the 25% money. The 15% is invested in statewide activities such as incumbent worker training and the 25% can only be used for rapid response and lay-off aversion. If money could be transferred, then DWD may be able to address other issues including offering incumbent worker training to companies throughout the year. Ms. Wrench commented that if 100% is requested then, conceivably, 100% of the dislocated worker money could be moved into other priorities. Mr. Nunn confirmed that but waivers expire every June 30 so MTEC would have to approve the next waiver requests. Mr. Johnson offered language to amend this waiver to continue to focus on the dislocated worker program.

Nancy Headrick asked if Mr. Nunn was requesting the waivers be approved because the legislation requires them to be approved. Mr. Nunn explained that the state plan has to be approved by the state workforce board and waivers are attached to the state plan.

Dr. Chartock asked for an explanation of the dislocated worker program and the national emergency grants. Mr. Nunn explained that some lay-off events are so large that additional resources are needed. For example, the current Ford and Chrysler lay-offs and the airline event from several years ago where Missouri received a national emergency grant to serve that particular lay-off. Mr. Nunn stated that the existing dislocated worker funds are not impacted and the Ford lay-off was Trade Act certified, which brought additional resources to workers.

Garland Barton moved to approve the state plan. Dr. Moore Johnson seconded.

Mr. Johnson offered an amendment to the motion to change line five of paragraph two on page two of the waiver handout to read after activities, "prior to utilizing the remaining funds intended for rapid response activities." Mr. Johnson's intent is for it to state that the funds will be used for these programs. Mr. Nunn suggested alternative language: "The state, through this waiver request, assures USDOL that it will continue to carry out all of the required Rapid Response activities prior to utilizing remaining funds for statewide employment and training activities." This language indicates Rapid Response activities would be carried out before funds would be utilized for employment and training activities. Ms. Wrench moved to accept Mr. Nunn's language as an amendment to the waiver. Mr. Johnson seconded the amendment.

Dr. Chartock stated that DWD should apply for additional national funds every time there is a large lay-off in order to free up rapid response money, which Mr. Nunn stated is currently done.

Mr. Johnson commented that he has had great experience with the programs that use those federal funds. In every case, those funds were a lifesaver for the dislocated worker. These programs tell those workers that help is there for finding new employment. He was very complimentary of this as well as all the other work to keep people engaged.

The amendment to the motion passed unanimously. The amended motion also passed unanimously.

Dr. Chartock recognized and congratulated Dr. Moore Johnson for being named the Cape Girardeau Chamber of Commerce's 2007 University Educator of the Year.

Minutes

Mr. Johnson moved to approve the minutes of January 11, 2007. Mr. Knodell seconded the motion. Minutes were approved.

One-Stop Chartering

Jason Gatz provided a follow up to the action taken on the one-stop chartering initiative by MTEC at the October meeting. One-stop chartering is a standardization of quality and is similar to franchising a business. One-stop chartering is the way for DWD to ensure that the 40+ Missouri career centers provide consistent services. MTEC approved the criteria in October, framed around the seven Baldrige principles.

DWD is now at the implementation stage. The 14 WIBs are working to improve the level of quality expected by the criteria. DWD is providing technical assistance to local boards. Corporation of Skilled Workforce (CSW) has worked in several states to charter one-stop centers and is going to assist each Missouri region in writing a business plan and integrating functional management.

In reviewing the process, Mr. Gatz explained that once a career center applies for a charter, desk and site reviews will be conducted. DWD is currently conducting some site reviews but there will be a staggered schedule. DWD would like to create a review team for these site reviews. Responsibilities will include visits to regions to assess and report on the criteria for Missouri career centers. When the criteria was approved, MTEC members had expressed interest in being involved with the review teams. Mr. Gatz was reopening the offer.

Dr. Chartock asked for a distinction between the WIBs and the career centers. Mr. Gatz explained that there are 14 WIBs that administer WIA funds. Missouri partners with the WIBs to have Missouri career centers in these regions where they have state staff as well as program staff that work with the federal program making it a one-stop partnership where a person can receive all services in an integrated environment.

Dr. Chartock asked about the recent modification to the staffing of one-stops. Mr. Gatz explained that the WIB will designate a functional manager over all staff in the one-stop center, whether state or program staff. The functional manager will be responsible for day-to-day operations of the career center. Larry Swindle asked if the functional manager would be responsible for meeting performance goals, which was confirmed by Mr. Gatz.

Mr. Knodell asked if the functional manager would be employed by the state or the WIB. Mr. Gatz explained that this is being done in different ways, depending on who is selected as the functional manager. The Central region has identified people that were already at the centers as service providers to be the functional manager for those centers. In St. Louis, Tom Jones, the Executive Director of the St. Louis Agency on Training and Employment, is the functional manager of the downtown office but Donny Carroll, a state employee, will be designated as the functional manager for the Delmar office. Mr. Knodell asked if that person would be independent. Mr. Gatz explained that it is under discussion. The intent is to unify the effort so the thinking is that everyone works at the Missouri career center, regardless of salary source. The client should not know what program they are a part of, only that they are receiving services.

Mr. Barton asked if there has been opposition. Mr. Nunn explained that it is more concern than opposition. He has been involved in differentiating between real concerns and grumblings. Mr. Nunn explained that the one-stop is a corporate entity comprised of several parts such as WIA programs, TANF employment training, the UI reemployment efforts, etc. The one-stop brings these services together so there may be a team who works intake and eligibility, a team who works with case management, and a team who works on outreach. Functional management would oversee these teams as opposed to a specific program. In general, the concerns are mainly centered around the model itself and how to get that functional manager designated.

Mr. Barton asked how functional management will be established for satellite sites. Mr. Nunn explained that the guidance is for the functional manager to be at a satellite site at least one day a week but that may vary as the satellite offices range in size. Mr. Barton asked how the functional manager will spend the specified time in each office when that functional manager has a wide jurisdiction. Mr. Nunn explained that in a small office, the most efficient process would be to identify a lead worker in the absence of the functional manager. DWD has established a technical assistance process to assist the WIBs in the transition to functional management. Mr. Nunn feels that most of the technical issues will be resolved as the first one-stop centers are chartered over the next several months. Mr. Gatz explained that DWD has said that non-comprehensives could be chartered under the umbrella of comprehensive sites through the chartering process.

Dr. Moore Johnson asked for clarification as to what is being asked of MTEC. Mr. Gatz explained that when MTEC approved the criteria, there was interest in being involved in the review process and site visits so he was asking if there was still interest. Dr. Moore Johnson asked if that would violate MTEC by-laws as the by-laws limit what MTEC is able to do hands-on. Dr. Chartock commented that the involvement would be informational.

Dr. Headrick asked who makes the decision to charter the one-stop. Mr. Gatz explained the chartering process is a recommendation by the review team to MTEC for its approval. Dr. Headrick then asked if MTEC would be making that approval based on the recommendation. Mr. Gatz explained that MTEC will only give its opinion, not approval, on the recommendation which will then allow the WIB to designate the centers.

Ms. Wrench asked that if MTEC gives an advisory opinion, then who would actually make that decision. Mr. Gatz explained that the actual charter is granted by the WIB because they are the controlling agents of the centers but the WIBs would first need MTEC approval. Mr. Nunn explained that the process is for

the WIB to apply for the charter. Next, a desk review and site visit is conducted and then the decision is made. At a previous MTEC meeting, it was established that MTEC would recommend the charter level and approve the charter so MTEC members being on the review team would not be a problem.

Mrs. Hopkins stated that, in support of Dr. Moore Johnson's question, at the bottom of the page under the paragraph for the chartering process, it states "the Review Team will submit its recommendation to MTEC and DWD" so she was asking who approves the recommendation. Dr. Chartock authorized one MTEC member to be a part of the review team.

Mr. Johnson stated that this is a great opportunity to understand more about all of the different programs. Mr. Gatz explained that WIB directors want their staff members to participate so that best practices could be replicated in their own regions. The WIBs are involved on an informational basis, also.

Frederick Douglas stated that Mr. Gatz's original statement had to do with voluntary involvement in the process. He does not believe MTEC members can be part of the review team if MTEC will be making the judgment as to whether that charter can be activated. He doesn't feel that an individual could be objective in the overall approval. Mr. Nunn understood his point, but one of the responsibilities of a state workforce board is to review the operations of programs.

Mr. Swindle feels that if a commitment is made to be on the review team, then it needs to be the same team for all visits. Once the representative has made the commitment to be part of the review team, then that representative will participate in every site visit. Two of his staff will be on the review team and will not have a choice of which site visits they will attend.

Skilled Workforce Initiative

Mr. Nunn stated this is a competitive grant solicitation for the statewide activities funds. For year two, DWD has estimated there will be \$4.5 million available in four categories.

The first category is Talent Acquisition and Development with \$2 million available. DWD is soliciting proposals from the WIBs that identify root causes of labor market problems to industries that drive the local economy.

The next category is Business Retention with \$1 million available. Mr. Nunn discussed the early warning networks and identifying at-risk companies as a part of business retention.

The third category is Micro Enterprise Training and Support. This is to encourage innovation centers and small business development centers to offer entrepreneurship opportunities to WIA clients.

The final category is One-Stop Enhancements with \$1 million available. This will be an investment in the one-stop career center infrastructure.

There are multiple teams that will review the applications. Recommendation will be sent to Governor Blunt in mid-May with funding announcements to be made on June 1. This will allow local areas a month to prepare for program operation on July 1.

DWD had a specific application last year for low-income TANF but that is not available this year. This year, DWD condensed several worker/job seeker applications in to one single category for talent acquisition and development.

There is a major effort to align efforts in workforce development with industry recruitment and attraction. The main targeted industries that the economic development agency is focusing on are: Finance, Life Sciences, Automotive, Defense/Homeland Security, Information Technology, Agriculture/Business, Energy, and Transportation/Logistics.

Regional applications contain more value as working across WIB boundaries in a regional economy is valued more highly than separate WIB applications by USDOL.

DWD will fund the best applications. Mr. Nunn indicated that this is much different from the way the Governor's discretionary funds were expended before July 1, 2006.

Mr. Douglas asked if federal funds to a region are a factor when the grants are discussed. Mr. Nunn stated that these funds can be blended with other funds coming into a region to skill-up a workforce. The one thing that needs to be avoided is supplementing something that was already paid for.

Dr. Chartock asked if every state gets the same percentage of discretionary funds, which Mr. Nunn confirmed.

Ready to Work Update

Steve Coffman provided the status report on the work of the committee to develop a voluntary Ready to Work program for high school seniors by June 30, 2007. He focused on the committee work during the past two months.

Ready to Work is an initiative included in Senate Bill (SB) 894, which is the school funding bill. This legislation directs Department of Elementary and Secondary Education (DESE) to develop a new credential program that will include work readiness components with an identifiable guarantee and voluntary participation. The guarantee that the individual is ready to work has caused many discussions during the committee meetings as to what can and cannot be guaranteed. The voluntary participation component is another topic of discussion as to how to get schools to participate in an unfunded voluntary program. Discussions have centered around how to assist school districts in developing this program to meet the needs of the business industry in their communities.

The committee has surveyed stakeholder groups to identify priorities. In October, the committee began identification of the components connected to two main curriculums in Missouri schools, the Show-Me Standards and academic Grade Level Expectations (GLE).

The work readiness components were also connected to the guidance GLEs, which encompass soft skills. These components have prompted significant discussion concerning how to guarantee soft skills.

Mr. Coffman then began working with vendors to see how existing assessments align with these components. ACT showed the foundational and personal skills assessments, the college preparation test, and the PLAN test, which is used to assess sophomores, aligned to all of the components. The primary assessment system would be based on WorkKeys.

The U. S. Chamber of Commerce has also established four assessments: reading for understanding, math, oral language tests, and situational judgment. The first three are academic in nature and the situational judgment assessment is similar to the WorkKeys personal skills assessments. The U.S. Chamber also provided information on how those assessments align with the committee's components.

There are also initiatives that have been in Missouri schools for awhile and some that are fairly new. The Missouri Assessment Program (MAP) started with the Outstanding Schools Act in 1993. Since then, the state budget has been cut leaving mathematics and communications art as the two primary tests that are assessed in Missouri schools, although this spring, it is voluntary for science and social studies. The State Board of Education recently approved end of course exams. At the end of Algebra I, English II, Biology I, and Government courses, the students take an end of course exam and the opportunity to choose an end of course exam in other courses.

Another initiative described was the A+ Schools program. This initiative provides high school students with resources and tuition to attend two years at a local community college or technical school. The program requires that the student must attend the same high school for three years prior to graduation, have a 95% attendance rate, a 2.5 grade point average, 50 hours of unpaid tutoring and mentoring, with the key requirement to maintain a record of good citizenship and be drug and alcohol free. Many of the A+ school districts have had difficulty defining what makes a good citizen and the drug and alcohol requirement, which has been legally tested in several A+ school districts.

There is a new initiative called Missouri Connects, in which DESE, Department of Economic Development (DED), and Department of Higher Education are developing a new career website. This initiative will provide career exploration and preparation activities for students in upper elementary school grades through high school and into adult life. This initiative also involves financial aid assistance, preparation for post-secondary education, and job preparation.

These initiatives, MAP, end of course exams, A+ Schools, and Missouri Connects, are free to Missouri schools and align well with the Ready to Work components. The committee has analyzed WorkKeys and the U.S. Chamber of Commerce assessments and the Missouri initiatives. Rollouts will depend on community relationships.

At the last committee meeting, a former St. Joseph school district representative discussed the guarantee offered ten years ago through the Partners in Education program. In this program, employers were guaranteed that the individuals they hired had the skills for their new job. If the employee was not adequately prepared to work, then the employee would receive added training by the schools. This is one of the few situations where the guarantee was put in place. Because of the relationship between business and education, it worked well but has since become inactive.

The committee has been discussing implementing the Ready to Work program in Missouri schools. Mr. Coffman believes WorkKeys may be the best tool but due to price, some rural school districts may not choose to adopt WorkKeys for use with the certificate. Those schools may not have a one-stop center nearby where students may go to be tested so they may choose to use what is already being done with other assessment techniques that may be more beneficial. The committee is also working out a way for this to be rolled out with employers. If employers do not request it, much like colleges ask for the ACT test, this could be another initiative that fades away.

Ms. Wrench asked what number of school districts participating in the program would be considered successful. Mr. Coffman stated he would consider the Ready to Work program successful if 10% to 20% of Missouri's school districts participated during the first two years.

Don Eisenger, DESE, stated that there are about 11,000 seniors in the A+ Program. DESE would rather have a meaningful certificate that is recognized by employers, schools, and individuals as something of value rather than being concerned with the volume of certificates.

Mr. Nunn stated that the WorkKeys assessments were chosen for the MoCRC because those skills represent the functional literacy skills in 85% of jobs. If school districts are told that in order to have a Ready to Work certificate, they must have all 15 assessments it becomes quite expensive for those schools. DWD's investment in the development of the MoCRC ensures groups have access to the MoCRC plus something else. Problems will arise if the Ready to Work program is marketed at the same time that DWD is marketing the MoCRC as employers will become confused with similar programs.

Mr. Coffman asked how many one-stop centers offer the MoCRC. Mrs. Hopkins stated that beginning July 1, the MoCRC will be available statewide and that it will be up to the local WIB to have it available. Mr. Nunn explained that every comprehensive site will be offering the MoCRC but it will not be available in every satellite office. Mr. Coffman was concerned about school districts that are not near a one-stop.

Mr. Coffman asked if the one-stop center would be equipped to test the high school seniors that may be sent by school districts. Dawn Busick explained that local WIBs could choose to administer the test on site at the school once a year using pencil and paper or online. It has to be proctored and supervised but it does not have to be in a career center. With the technology that is now available, it can be taken to the school or the business. Mr. Nunn explained that this could be managed in a way where access between career centers and alternative site locations is addressed.

Mr. Eisenger stated at the last Ready to Work committee there were several scenarios presented to the members. The first and most dominant was one that involved interaction between the schools and the WIBs. DESE is committed to having the local WIBs involved in implementation of this program and in coordinating the roll-out with DWD.

In regard to the A+ School program, John Gaal explained that not all schools are able to participate in this program. He sees a problem in that if the Ready to Work credential is a requirement of that program, then it would not be "voluntary." He considers it appropriate as part of a scholarship. The Education and Training Committee has attempted to impress upon people that 18 year olds should be prepared to make choices, whether going on to higher education or the world of work. This would be a way of insuring that those students are better prepared to make choices.

Dr. Chartock asked for an overview of the A+ School program. Mr. Coffman explained that this is an initiative targeted toward students who may not have the resources to enter college. It has certain requirements and is primarily written for two-year colleges, however, several four-year colleges are now offering scholarships as those colleges are recognizing that an individual that graduates high school meeting these criteria is more likely to do well in college. It has taken seven or eight years for parents to become aware of the program and see the opportunities and for kids to have the personal accountability and self direction to fulfill the requirements. Even though 50 hours of unpaid mentoring and tutoring is challenging for some school districts to manage, the A+ School program has been implemented in over 200 high schools.

There will be curriculum changes for the A+ schools that will be built on a continuous improvement approach but not an additional requirement. DESE has been in conversations with the state and local level A+ school individuals and the concern is resources.

Mr. Knodell asked what SB 894 requires. Mr. Coffman stated that the main bill is focused on school funding but the Ready to Work portion that was added requires DESE to develop this program.

Dr. Chartock stated his concern was that all of those programs are being mentioned with MTEC directing the State Board of Education what should be in the curriculum or how it should be assessed. Mr. Eisenger doesn't view it that way; DESE is attempting to start a program that is required by statute. DESE will coordinate with the WIBs to identify the best assessments for that community.

Mr. Eisenger commented that he was pleased to see that the A+ School program has been part of the discussion to insure students have certain competencies or skills. He believes this indicates that DESE is on the right path for coordinating with MTEC and the WIBs. The 11,000 students enrolled in the A+ program have already demonstrated competency in these areas.

Don Hester stated that he represents a small school district that did not get in when there was grant money available to set up the A+ School program. It has become cost prohibitive for a small school to meet the requirements and that far outweighs any benefits that the students in that district might reap from it. Mr. Eisenger explained that at the time when the program was initiated, local school districts were provided \$150,000 to use over three years to revise curriculum and improve the rigor of the education so that

students could meet the standards that were required in the act. Those funds are no longer available but school districts can participate if the curricula changes and academic improvements are made at the school's expense. There are 200 school districts already participating with an additional 50 or more beginning within the next couple of years.

Mr. Coffman stated that if the partnerships are strong then a certificate or program can be established that will meet the needs of that area. Mr. Coffman has presented the Ready to Work program to several groups of counselors and principals and some are primed and ready to begin.

Legislative Update

Brian Grace, Director of Public Affairs with DED, presented an overview of Governor Blunt's legislative agenda for the year.

House Bill (HB) 996 is sponsored by Rep. Hobbs and has a direct impact on MTEC. The language of this bill would eliminate the current statute that defines MTEC and would allow the Governor to recreate the state workforce board through Executive Order. This route is being pursued as it would make the board more able to change when the federal government changes the composition of the board. Some members of the Senate are not comfortable with simply eliminating the statute so they are planning to use language that recrafts the board according to federal regulations. The Senate would like to add this to SB 385, sponsored by Sen. Gibbons, which has become an omnibus bill for modifications and changes in relation to various state boards and commissions. That bill is on the Senate perfection calendar and is ready for debate on the Senate floor. Rep. Hobbs' bill has been referred to Rep. Hunter's Committee on Workforce Development and Workforce Safety.

HB 327 has become the omnibus economic development bill and is probably the only meaningful economic development legislation that will reach the Governor's desk this year. The bill is sponsored by Rep. Richard, Chair of the House Economic Development Committee. HB 327 cleared the House with a unanimous vote and recently passed out of the Senate Economic Development Committee chaired by Sen. Griesheimer, who is handling the bill in the Senate. This bill is on the Senate perfection calendar and may be brought up for debate and changes as early as next week. It may need to go to a conference committee as the Senate is offering quite a few amendments. The bill's main provisions would raise the cap on the Quality Job Programs capital tax credits from \$12 million to \$30 million. It would also raise the cap on Missouri Enterprises, which is a program DED uses to leverage investment and creation of new jobs for Missouri companies. A provision was added that would extend the sunset on the new jobs training program administered by DWD that brings new jobs requiring training into Missouri. Several new tax credits have also been added: distressed areas land assemblage tax credits would help developers with large developments in run down urban areas assemble the parcels of property needed for redevelopment; film tax credit would raise the cap on these tax credits from \$1.5 million to \$10.5 million; coupling of the federal new markets tax credits for innovative entrepreneurial investments to leverage those federal investments; and venture capitalization annuity investments. Hallmark in Kansas City has pushed to open several tax credits within this bill allowing not-for-profits to qualify as taxpayers. This is a codification of the way the general council currently rules on the definition of taxpayer and makes several of those tax credits saleable and transferable, which would take a tax credit as close to the cash value as the state constitution allows since Missouri cannot appropriate cash directly to individual companies. This allows a company to sell or transfer the tax credit back to the state or to another company for a value at or near its face value. HB 327 is expected to have numerous amendments added when it comes up on the Senate floor. Several incentives for the production and use of E85 Ethanol is expected to be added. Another expected addition to HB 327 is a tax credit exempting vehicles manufactured and sold in Missouri from a sales tax. One sizeable sales tax exemption added to the bill would increase the utility usage exemption from 85% to 100% for all utilities used in the manufacturing, research, and development processes for companies across the state. Legislators are attempting to

identify the parts in the bill that are priorities and will further the economic climate. The other parts could wait for another year in order to fit into the state's budget. Mr. Grace expects the bill to be sent to conference committee as most of the provisions are new to the House's version and it will need to be pared down.

HB 365 is sponsored by Rep. Ervin and would add two new tax credits to fill a void in the current economic structure. One would create a 30% to 40% tax credit on investments in qualified Missouri small businesses and the other is a 30% to 40% tax credit match on qualified high tech companies. Currently, there are no direct tax incentives for small businesses and a severe lack of tax credits and incentives targeted to Missouri's high tech industry. Those pieces were coupled together in the House Committee on Small Business with another tax credit added that mirrors the Quality Jobs Program where the aim is to give benefits to companies who pay at or above the county average wage and provide healthcare benefits with a quality jobs threshold that starts with as few as 10 new jobs. This program is nicknamed "Quality Jobs Light" and will allow companies to qualify when one new job is created. This bill is moving fairly quickly but it may not gain enough momentum to pass in addition to HB 327 as Senate floor time is severely limited as legislators are entering the final six weeks of session.

The final piece of legislation that affects the general business community is SB 389, sponsored by Sen. Nodler, referred to as the Lewis and Clark Discovery Initiative or the MOHELA Bill. This bill would make changes to higher education, extend Missouri's scholarship programs, tuition stabilization measurements for higher education, and other measures to give more accountability to the higher education system. SB 389 would have to be passed in addition to HB 16, which is a supplemental budget bill. HB 16 includes improvements on higher education campuses for building new facilities and new projects on every public university campus in Missouri with \$30 million to be split among the community colleges and \$15 million to the Missouri Technology Corporation (MTC) to be coupled with university research to provide an avenue for researchers to commercialize technologies and create businesses and jobs in Missouri. The goal behind MTC funding through the Lewis and Clark Discovery Initiative would be to offer incentives to grow the homespun company. SB 389 is on the Senate perfection calendar. The bill could be back on the Senate floor as early as next week; from there, it will go to the House.

Cheryl Thruston asked for the status of SB 996. Mr. Grace stated that it has been referred to the House Committee on Workforce Development and Workforce Safety and is awaiting a hearing. SB 385 is also being targeted as it contains similar language. Mr. Grace stated that it is not known if this bill will pass during this session.

Dr. Moore Johnson asked about two bills on higher education. One bill had to do with tenure and the other with intellectual diversity. Mr. Grace stated that he generally doesn't follow higher education bills unless DED had some component of it.

Dr. Chartock stated he would like Mr. Grace to report to MTEC in the future regarding legislation relevant to MTEC.

Written Committee Reports

There were no committee reports.

New Business

There was no new business to discuss.

Chairman's Report

Dr. Chartock stated that he has been watching HB 996 and expects to discuss the implications for MTEC if that legislation passes. If passed, MTEC may be constituted with a heavier emphasis on business rather than as it is now. He looks forward to any new developments on that.

Staff Report

Mrs. Hopkins announced several upcoming conferences. Missouri is fortunate to be hosting the Southern Growth's Workforce Summit June 3 – 5, 2007 in St. Louis. Governor Blunt, as this year's Chairman of the Southern Growth Initiative, has selected workforce and workforce development as this year's topic. A report will be presented at this conference and Mrs. Hopkins encourages anyone available to attend. Several members have already contacted her about attending and their arrangements have been made. She asked the others to look over the agenda and to contact her if they would like to attend.

The next conference is Workforce Innovations on July 17 – 19, 2007 in Kansas City. This will also be the site of the joint meeting that MTEC will be holding with the Kansas state board. The joint meeting will be in the morning of July 17 with the conference opening session beginning at 1:00. This is an extremely large conference so advance arrangements are very important. Mrs. Hopkins asked those wishing to attend the Workforce Innovations conference to notify her as soon as possible. The joint meeting will be at the Downtown Marriott and the conference will be held in the convention center. The conference theme is "Beyond Boundaries" with an emphasis on regionalization without restrictions by county, state, or city lines and to best respond to the needs of the defined area. The proposed agenda for the joint meeting has MTEC discussing not only the WIRED grant and what is happening in the Kansas City metropolitan area but also other activities occurring across Missouri. The Kansas board will also discuss what is happening in their state, what their local boards are doing, as well as other statewide initiatives.

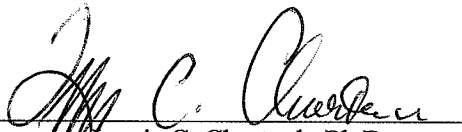
Mrs. Hopkins asked those present to mark their calendars for August 27 – 29, 2007 for the Governor's Conference on Economic Development in Springfield. In the past there has been a separate Economic Development Governor's Conference from the Governor's Conference on Workforce Development. This year, those two conferences are being combined. Typically, MTEC has met at the Governor's Conference on Workforce Development but as the council will just have met in July, Mrs. Hopkins recommends that the council not meet again in August. The agenda for the Governor's Conference on Economic Development will be provided to the members when it is available.

Date of Next Meeting

The next meeting is tentatively scheduled for October 25 at the College of the Ozarks at Point Lookout near Branson. There have been some physical arrangement challenges that Trish Barnes is working on. Ms. Barnes will be conducting a site visit to insure that the accommodations will work for the council meeting.

Adjourn

Being there was no further business, Mr. Barton moved to adjourn the meeting. Mr. Hester seconded. The meeting was adjourned at 1:45 p.m.



Lewis C. Chartock, Ph.D.
Chairman



Rose Marie Hopkins
MTEC Executive Director